

## ECONOMIC DEVELOPMENT AUTHORITY[261]

### Notice of Intended Action

**Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”**

**Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.**

Pursuant to the authority of 2011 Iowa Acts, House File 590, section 7, the Economic Development Authority hereby gives Notice of Intended Action to amend Chapter 47, “Endow Iowa Tax Credits,” Iowa Administrative Code.

The proposed amendments update the rules to reflect a statutory increase in the amount of tax credits available and add new language specifying the amount and method for calculating the maximum amount of tax credits available to individual taxpayers.

Public comments concerning the proposed amendments will be accepted until 4:30 p.m. on September 27, 2011. Interested persons may submit written or oral comments by contacting Julie Lunn, Economic Development Authority, 200 East Grand Avenue, Des Moines, Iowa 50309; telephone (515)725-3082.

A public hearing to receive comments about the proposed amendments will be held on September 27, 2011, from 3:30 to 4:30 p.m. at the above address in the Southeast Conference Room on the First Floor.

The Authority Board approved the amendments on August 18, 2011.

After analysis and review of this rule making, no adverse impact on jobs has been found. The increased amount of tax credits may positively impact jobs and economic growth for businesses in the state of Iowa.

These amendments are intended to implement Iowa Code sections 15E.301 to 15E.306 as amended by 2011 Iowa Acts, Senate File 302.

The following amendments are proposed.

ITEM 1. Amend rule 261—47.1(15E,83GA,SF478) as follows:

**261—47.1(15E,83GA,SF478) Purpose.** The purpose of endow Iowa tax credits is to encourage individuals, businesses, and organizations to invest in community foundations and to enhance the quality of life for citizens of this state through increased philanthropic activity.

ITEM 2. Amend rule 261—47.2(15E,83GA,SF478) as follows:

**261—47.2(15E,83GA,SF478) Definitions.**

~~“Act” means Iowa Code sections 15E.301 to 15E.306 as amended by 2009 Iowa Acts, Senate File 478.~~

~~“Authority” means the economic development authority.~~

~~“Community affiliate organization” means a group of five or more community leaders or advocates organized for the purpose of increasing philanthropic activity in an identified community or geographic area in the state with the intention of establishing a community affiliate endowment fund.~~

~~“Department” or “IDED” means the Iowa department of economic development.~~

~~“Endow Iowa qualified community foundation” means a community foundation organized or operating in this state that substantially complies with the national standards for U.S. community foundations established by the National Council on Foundations as determined by the department authority in collaboration with the Iowa Council of Foundations.~~

~~“Endowment gift” means an irrevocable contribution to a permanent endowment held by an endow Iowa qualified community foundation.~~

*“Permanent endowment fund”* means a fund held in an endow Iowa qualifying community foundation to provide benefit to charitable causes in the state of Iowa. Endowed funds are intended to exist in perpetuity, and to implement an annual spend rate not to exceed 5 percent.

*“Tax credit”* means the amount ~~an individual~~ a taxpayer may claim against the taxes imposed in Iowa Code chapter 422, divisions II, III, and V, and in Iowa Code chapter 432, and against the moneys and credits tax imposed in Iowa Code section 533.24.

ITEM 3. Amend rule 261—47.3(15E,83GA,SF478) as follows:

**261—47.3(15E,83GA,SF478) Allocation of funds Authorization of tax credits to taxpayers.** The ~~department~~ authority shall authorize tax credits to qualified ~~individuals~~ taxpayers who provide an endowment gift to an endow Iowa qualified community foundation or a community affiliate organization affiliated with an endow Iowa qualified community foundation for a permanent endowment fund within the state of Iowa in accordance with the following provisions:

**47.3(1) and 47.3(2)** No change.

**47.3(3)** ~~The amount of tax credits authorized pursuant to this rule shall not exceed a total of \$3 million annually, plus an additional amount pursuant to Iowa Code section 99F.11(3)“c”(3). The maximum amount of tax credits granted to a single taxpayer annually shall not exceed \$100,000. The aggregate amount of tax credits available under this rule is limited according to Iowa Code section 15E.305, subsection 2. The aggregate amount is determined by taking a base authorization amount specified in Iowa Code section 15E.305, subsection 2, paragraph “a,” and adding an additional amount to be determined annually by calculating a certain percentage of the state’s gambling revenues, as provided in Iowa Code section 99F.11, subsection 3, paragraph “d,” subparagraph (3), for the prior fiscal year. For calendar year 2011 and for all subsequent calendar years, the annual base authorization amount of available tax credits is \$3.5 million. The additional amount varies each year according to the amount of gambling revenues collected in the prior year. For 2011, the aggregate amount of available tax credits is \$4,551,813. The maximum amount of tax credit that an individual taxpayer may claim is limited to 5 percent of the aggregate amount available each year. For 2011, the maximum amount of tax credit available to a single taxpayer is \$227,590.65. If the department authority receives applications for tax credits in excess of the amount available, the applications shall be prioritized by the date the department authority received the applications. If the number of applications exceeds the amount of annual tax credits available, the department authority shall establish a wait list for the next year’s allocation of tax credits and applications shall first be funded in the order listed on the wait list.~~

**47.3(4) to 47.3(6)** No change.

ITEM 4. Amend rule 261—47.4(15E,83GA,SF478) as follows:

**261—47.4(15E,83GA,SF478) Distribution process and review criteria.** The ~~department~~ authority shall develop and make available a standardized application pertaining to the allocation of endow Iowa tax credits.

**47.4(1) and 47.4(2)** No change.

**47.4(3)** Applications will be accepted and awarded on an ongoing basis. The ~~department~~ authority will make public by June 1 and December 1 of each calendar year the total number of requests for tax credits and the total amount of requested tax credits that have been submitted and awarded.

ITEM 5. Amend rule 261—47.5(15E,83GA,SF478) as follows:

**261—47.5(15E,83GA,SF478) Reporting requirements.** By January 31 of each calendar year, the ~~department~~ authority shall publish an annual report of the activities conducted pursuant to these rules during the previous calendar year and shall submit the report to the governor and general assembly. The annual report shall include the information required by Iowa Code section 15.104(9) “h.”

ITEM 6. Amend **261—Chapter 47**, implementation sentence, as follows:

These rules are intended to implement Iowa Code sections 15E.301 to 15E.306 as amended by ~~2009~~ 2011 Iowa Acts, Senate File 478 302.